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May 1, 2008

Mr. Robert Keating
Québec Government General
Québec Government Office in New York
One Rockefeller Plaza, Suite 2600
New York, NY 10020-2102

2008 MAY 30 PM 5:02
CRM/ISS/REGISTRATION UNIT

Re: U.S. Government Relations Representation in Washington, D.C.

Dear Mr. Keating:

On behalf of Ambassador Gordon Giffin and McKenna Long & Aldridge LLP ("Firm"), I want to express my sincere appreciation that the Government of Quebec ("Province") has decided to continue to retain our Firm to provide U.S. government relations services in Washington, D.C. to work on border management policy including the Western Hemisphere Travel Initiative ("WHTI"). We look forward to expanding our mandate and focus to incorporate additional cross-border policy initiatives that are threatening to increase the thickening of the border thus affecting trade relations, security, and economic prosperity between our two countries. Additionally, we look forward to providing analysis and guidance regarding the U.S. presidential election campaigns and how the candidates' platforms will impact cross-border relations with Canada and more specifically with Québec. A great deal has been accomplished since we first embarked on this project in September of 2006 and we appreciate the opportunity to continue working on behalf of the Province.

In an effort to address more broadly the border management concerns and challenges that are facing the Canada/U.S. relationship and to provide strategic advice and counsel with respect to the U.S. presidential campaigns, we propose a strategy and workplan that would focus on advocacy conducted at the federal, state/local and third-party levels. Provided for you below is brief description of the different elements of advocacy and analysis as we see them.

A. Federal Government Strategy

- i. Congress: Monitor pending legislation, provide regular updates on new developments, and work with the relevant committees to amend legislation when applicable.
- ii. Administration: Continue to meet regularly with officials at the Departments of Homeland Security, State and Commerce to advocate the need for a balance between security and economic prosperity.
- iii. Federal Regulatory Process: Monitor the Federal Register for new rulemaking procedures related to border management policy, including for example: Real-ID requirements and WHTI implementation. Help draft official comments for submission when applicable.

B. State/Local Government Strategy

- i. National Governors Association: Attend the NGA Winter/Summer Meetings as appropriate, develop a strategy for engaging Governors and their staff on border management issues relevant to their respective states. Propose the enactment of a policy position recognizing the need to streamline border management processes in a way that enhances both our security and economic prosperity.
- ii. Council of State Governors: We had the opportunity to attend and participate in the Council of State Governors WHTI Conference held March 1, 2008 in Detroit, Michigan. This is just one example of several events and policy forums that bring together both business leaders and government officials. We would propose attending these public forums in an effort to maintain a strong presence and insert the Province's agenda and policy position when applicable.
- iii. SEUS - Canada Alliance: Attend the upcoming SouthEastUS-Canada meeting scheduled for June 15-17 in Savannah, Georgia. Determine the agenda and program and strategize about the role of the Québec Government and Premier Charest.

C. Third Party Ally Enhancement

- i. North American Competitiveness Council: The NACC will continue to serve a unique role in shaping the Canada/U.S. relationship. Serving as the private sector entity of the SPP, it will be important to influence the next round of recommendations and action items that come out of the recent leaders summit in New Orleans.
- ii. Security and Prosperity Partnership: Similar to the NACC, the Security and Prosperity Partnership is an important driver of cross-border policy. It will continue to be a useful vehicle through which policy concerns can be addressed.
- iii. Additional Coalitions: Coalition building has proved extremely beneficial in the past. For example, our partnership with the tourism industry and with groups like the Canadian American Business Council allowed us to engage a wider audience and expand our

advocacy reach on the WHTI file. It will be equally important to maintain close ties with these groups, but to also reach out to organizations such as: Grocery Manufacturers Association, American Meat Institute, American Trucking Association, to name a few when addressing issues like food safety.

D. U.S. Presidential Election Monitoring

i. Roundtable Discussions: As we discussed on the phone, it is worth exploring how we can bring together U.S. political strategists and election commentators to discuss the 2008 presidential campaign, party platforms and its impact on the Canada/US relationship.

ii. Monitor Campaign Developments: As we learn who will be the Democratic nominee and as both the Republican and Democratic Party platforms unfold, it will be important to reach out to the campaigns and the transition teams and serve as a resource on the Canada/U.S. file. The more key aides and staffers view us as a resource, the more able we will be to influence the development of Canada/U.S. public policy.

Ambassador Giffin and I will continue to have primary responsibility for our conduct of this relationship. We will involve a variety of our professionals, including Alex Albert, Marcia Hale, Ted Van Der Meid and others as necessary to ensure that we achieve the Province's goals with respect to U.S. border management policy.

We would like to propose a continued engagement period of eight months (May 2008 thru December 2008) which will be reviewed and extended as appropriate after this period pending the need for continued services. Our fee for services in these eight months will be \$15,000 US per month, plus actual expenses incurred in connection with the work. We understand that the budget for this project will be shared between the Governments of Quebec and Manitoba according to last year's formula whereby the Government of Quebec is billed \$10,000 US per month, plus actual expenses incurred in connection with the work, and the Government of Manitoba is billed \$5,000 US per month, plus actual expenses incurred in connection with the work. We will bill the Provinces on a monthly basis for services performed and costs incurred. Payment is due not later than 30 days following the invoice date.

We will continue to develop and implement the strategy discussed with you, including arranging for and participating in meetings, producing materials, monitoring developments related to the file, providing you with regular updates, and performing whatever additional duties are required to achieve the defined goals. Additionally, the Firm will be responsible for complying with all laws which apply concerning the need to file any lobbying registration and disclosure reports for the Province.

It is understood that the services performed by McKenna Long & Aldridge LLP for the Province pursuant to this engagement letter will not be considered, for conflict of interest purposes, services on behalf of any departments or agencies of the Province for whom no work has been performed.

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Once again, we are extremely pleased to continue to undertake this responsibility with you and look forward to advancing the your Government's interests related to border management policy here in the United States. Should you agree to the proposal outlined above, please sign and date this letter on the line below and return to my attention at your convenience.

Very truly yours,



Maryscott Greenwood
Managing Director

Signed and Agreed:

Province of Quebec

Date

2008 MAY 30 PM 5:02
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